

## **DHHS POLICIES AND PROCEDURES**

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<b>Section IV:</b>	<b>General Administration</b>
<b>Title:</b>	<b>Subrecipient Monitoring Manual</b>
<b>Chapter:</b>	<b>General Monitoring Overview</b>
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### **General Monitoring Overview**

Monitoring should begin before the contract is signed or the grant agreement is issued. If the funds are awarded in response to a Request for Proposal (RFP) or Request for Information (RFI), the areas outlined in the request and the successful bidder's response dictate some key areas and deliverables to be monitored. If the funds are awarded on a recurring basis to carry on an existing program, the agency's plan of work or proposal for the year serves as a monitoring tool. In the cases of local government agencies or public authorities, North Carolina (NC) General Statute requirements include key areas to be monitored. In addition, the Memorandum of Understanding, allocation letter, funding authorization, or other document may lay out expectations for the subrecipient for the current year, such as reducing a waiting list by x%, increasing the number of children successfully placed for adoption by y%, etc.

At the time of contract initiation or renewal, or when allocation letters or funding authorizations are issued, the subrecipient should also be required to complete or re-certify as to the accuracy of a self-assessment of their agency's internal controls. This should be accomplished through an internal control questionnaire or through the use of other similar documents. An example of an internal control questionnaire is included in this manual as Attachment C. If this form is used, the first time a division enters into a subrecipient relationship with an agency the full questionnaire or similar document should be required. In subsequent years, the Chief Executive Officer or Primary Department of Health and Human Services (DHHS) Contact should sign a statement on agency letterhead attesting that the previously submitted self-assessment documentation remains valid.

Monitoring plans should include some common monitoring activities in addition to the activities related to determining compliance with specific compliance areas. The following activities will provide a context for the specific compliance areas outlined in the following pages.

#### **Scope of the Agency:**

Perform research to gain an understanding of the programs and services performed by the agency:

1. If applicable, review the RFP, RFI, work plan or other advance documents to gain an understanding of the services and deliverables required to be addressed by the subrecipient.
2. Review federal regulations and state statutes to gain familiarity with the requirements of the program(s) operated by the subrecipient.
3. Review the contract, allocation letter, funding authorization or other formal notice of funding. Pay specific attention to any deliverables outlined in the document.
4. Review information on the department's monitoring website to determine if other divisions fund the agency and for what purposes/services.
5. If available, review the agency's prior year audit to gain an understanding of the total size of the budget, information on any funding received from agencies or sources other than DHHS, etc.
6. If available, review prior year progress reports or final reports filed by the agency with the division.
7. If available, review the monitoring tool and working papers from prior year monitoring activity of the subrecipient.

**Internal Control:**

Perform research to gain an understanding of the agency's fiscal health and to identify potential areas of concern:

1. Review the internal control information. Pay particular attention to any information that indicates missing or weak internal controls.
2. If available, review the agency's prior year audit to determine if the auditor cited:
  - A. Findings of noncompliance;
  - B. An inability to express an unqualified opinion;
  - C. Any "going concern" issues; or
  - D. Internal control weaknesses.
3. Note any issues identified in 1. and 2. above and any follow-up activities in the working papers and on the monitoring tool.

*For questions or clarification on any of the information contained in this policy, please contact [Office of the Controller](#). For general questions about department-wide policies and procedures, contact the [DHHS Policy Coordinator](#).*